

AMENDED IN SENATE FEBRUARY 20, 2014

AMENDED IN SENATE FEBRUARY 12, 2014

SENATE BILL

No. 848

Introduced by Senator Wolk
(Coauthors: Senators DeSaulnier, Hancock, and Steinberg)
(Coauthor: Assembly Member Bonilla)

January 9, 2014

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a safe drinking water, water quality, and water supply program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 848, as amended, Wolk. Safe Drinking Water, Water Quality, and Water Supply Act of 2014.

(1) Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Safe Drinking Water, Water Quality, and Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$6,825,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water, water quality, and water supply program.

The bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

(3) Existing law, the Water Conservation and Water Quality Bond Law of 1986, approved by the voters at the June 3, 1986, statewide primary election, authorizes the issuance of general obligation bonds in the amount of \$150,000,000 for the Department of Water Resources to make prescribed loans to local agencies for the purposes of financing a water conservation and water quality program. Existing law, the Water Conservation Bond Law of 1988, approved by the voters at the November 8, 1988, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$60,000,000 for the Department of Water Resources to make prescribed loans to local agencies for the purposes of financing a water conservation program. Existing law, the Safe, Clean, Reliable Water Supply Act, a bond act approved by the voters as Proposition 204 at the November 5, 1996, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$995,000,000 for grants, loans, and direct expenditures for the purposes of financing a safe, clean, reliable water supply program. Existing law, the Costa-Machado Water Act of 2000, a bond act approved by the voters as Proposition 13 at the March 7, 2000, statewide primary election, authorizes the issuance of general obligation bonds in the amount of \$1,970,000,000 for grants, loans, and direct expenditures for the purposes of financing a safe drinking water, clean water, watershed protection, and flood protection program.

This bill would authorize the Legislature to appropriate funds from the above-described bond acts for grants and direct expenditures to accomplish prescribed purposes relating to water supply enhancement as described in the Safe Drinking Water, Water Quality, and Water Supply Act of 2014. This bill would provide for the submission of these provisions to the voters at the November 4, 2014, statewide general election.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 26.7 (commencing with Section 79700)
2 of the Water Code, as added by Section 1 of Chapter 3 of the
3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.

4 SEC. 2. Division 26.7 (commencing with Section 79700) is
5 added to the Water Code, to read:

6
7 DIVISION 26.7. THE SAFE DRINKING WATER, WATER
8 QUALITY, AND WATER SUPPLY ACT OF 2014

9
10 CHAPTER 1. SHORT TITLE

11
12 79700. This division shall be known and may be cited as the
13 Safe Drinking Water, Water Quality, and Water Supply Act of
14 2014.

15
16 CHAPTER 2. FINDINGS AND DECLARATIONS

17
18 79705. In placing this measure before the voters, the Legislature
19 finds and declares that all of the following are in the public's
20 interest:

21 (a) Ensuring that safe drinking water is available to all
22 Californians.

23 (b) Protecting water quality and cleaning up contaminated water
24 sources.

25 (c) Increasing water supply and water supply reliability.

26 (d) Assisting each region of the state in improving local water
27 supply reliability and water quality.

28 (e) Resolving water-related conflicts, improving local and
29 regional water self-sufficiency, and reducing reliance on imported
30 water.

31 (f) Protecting the rivers, lakes, and streams of the state from
32 pollution, loss of water quality, and destruction of fish and wildlife
33 habitat.

1 79706. The Legislature further finds and declares that to
2 achieve the public interest objectives under Section 79705, it is
3 necessary to invest state resources in the following:

4 (a) Safe drinking water projects, especially projects addressing
5 the needs of disadvantaged communities, and financing urgent
6 public health emergency actions to ensure safe drinking water
7 supplies.

8 (b) Wastewater treatment projects to keep contaminants out of
9 rivers, lakes, streams, and coastal waters.

10 (c) Projects to enhance water supplies and increase water supply
11 reliability through the following:

12 (1) Urban and agricultural water conservation and water use
13 efficiency projects.

14 (2) Groundwater cleanup or pollution prevention in sources of
15 drinking water.

16 (3) Water recycling projects.

17 (4) Projects to desalinate brackish and ocean water.

18 (5) Stormwater capture and reuse.

19 (d) Projects that improve Delta water quality, restore ecosystems,
20 protect fish populations, and increase community sustainability.

21 (e) Projects that reduce the risk of levee failure and flood in the
22 Delta.

23 (f) Projects to protect and restore watersheds and urban rivers,
24 and address water quality deficiencies at state parks.

25 (g) Projects to develop additional water storage, both surface
26 and groundwater storage, through the following:

27 (1) New surface storage projects.

28 (2) Groundwater storage projects and groundwater
29 contamination prevention or remediation projects that create
30 additional groundwater storage capacity.

31 (3) Projects that restore the capacity of reservoirs currently
32 impaired by sediment buildup, seismic vulnerability, or other
33 impairment.

34

35 CHAPTER 3. DEFINITIONS

36

37 79710. Unless the context otherwise requires, the definitions
38 set forth in this section govern the construction of this division, as
39 follows:

40 (a) “Commission” means the California Water Commission.

- 1 (b) “Committee” means the ~~Safe Drinking Water, Water Quality,~~
2 ~~and Water Supply Finance Committee created by Section 79824~~
3 *director and the chair of the state board.*
- 4 (c) “Delta” means the Sacramento-San Joaquin Delta as defined
5 in Section 85058.
- 6 (d) “Delta counties” means Contra Costa, Sacramento, San
7 Joaquin, Solano, and Yolo counties.
- 8 (e) “Department” means the Department of Water Resources.
- 9 (f) “Director” means the Director of Water Resources.
- 10 (g) “Disadvantaged community” has the same meaning as set
11 forth in subdivision (a) of Section 79505.5.
- 12 (h) *“Finance committee” means the Safe Drinking Water, Water*
13 *Quality, and Water Supply Finance Committee created by Section*
14 *79824.*
- 15 ~~(h)~~
- 16 (i) “Fund” means the Safe Drinking Water, Water Quality, and
17 Water Supply Fund of 2014 created by Section 79770.
- 18 (j) *“Initial operation and maintenance costs” mean those initial,*
19 *eligible, reimbursable costs under a construction funding*
20 *agreement that are incurred up to, and including, initial startup*
21 *testing of the constructed project in order to deem the project*
22 *complete.*
- 23 ~~(i)~~
- 24 (k) “Integrated regional water management plan” means a
25 comprehensive plan for a defined geographic area that meets the
26 requirements of Part 2.2 (commencing with Section 10530) of
27 Division 6, as that part may be amended.
- 28 (l) *“Interim” means the limited period of time needed to address*
29 *the identified urgent need for safe drinking water, not to exceed*
30 *three years.*
- 31 ~~(j)~~
- 32 (m) “Local match” and “matching funds” mean funds made
33 available by nonstate sources, which may include, but are not
34 limited to, donated services from nonstate sources.
- 35 ~~(k)~~
- 36 (n) “Nonprofit organization” means an organization qualified
37 to do business in California and qualified under Section 501(c)(3)
38 of Title 26 of the United States Code.
- 39 ~~(l)~~

1 (o) “Public agency” means a state agency or department, public
 2 water system, special district, joint powers authority, city, county,
 3 city and county, or other political subdivision of the state.

4 ~~(m)~~

5 (p) “Secretary” means the Secretary of the Natural Resources
 6 Agency.

7 ~~(n)~~

8 (q) “Severely disadvantaged community” has the same meaning
 9 as set forth in subdivision (n) of Section 116760.20 of the Health
 10 and Safety Code.

11 (r) “*Small water system*” means a public water system that
 12 serves 15 or more service connections but not more than 3,000
 13 persons and regularly serves drinking water to more than an
 14 average of 25 individuals daily for more than 60 days out of the
 15 year.

16 ~~(o)~~

17 (s) “State board” means the State Water Resources Control
 18 Board.

19 ~~(p)~~

20 (t) “State General Obligation Bond Law” means the State
 21 General Obligation Bond Law (Chapter 4 (commencing with
 22 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
 23 Code).

24 (u) “*State small water system*” means a public water system
 25 that serves at least five, but no more than 14, service connections
 26 and does not regularly serve drinking water to more than an
 27 average of 25 individuals daily for more than 60 days out of the
 28 year.

29

30 CHAPTER 4. SAFE DRINKING WATER AND WATER QUALITY
 31 PROJECTS

32

33 79720. (a) It is the intent of the Legislature that this chapter
 34 provide funds to address the most critical water needs of the state,
 35 including the provision of safe drinking water to all Californians
 36 by improving safe drinking water supply reliability and financing
 37 urgent public health emergency actions to ensure safe drinking
 38 water supplies, and implementing wastewater treatment projects
 39 to keep contaminants out of rivers, lakes, streams, groundwater,
 40 and coastal waters.

1 (b) The sum of nine hundred million dollars (\$900,000,000)
2 shall be available for the purposes of this chapter.

3 79722. (a) From the funds described in Section 79720, four
4 hundred million dollars (\$400,000,000) shall be available to the
5 state board for grants and loans for public water system
6 infrastructure improvements and related actions to meet *primary*
7 *or secondary* safe drinking water standards *or contaminants*
8 *identified by the state or federal government for development of*
9 *a primary or secondary drinking water standard* and ensure
10 affordable drinking water. Priority shall be given to projects that
11 provide treatment for contamination or access to alternative
12 drinking water sources for small water systems or state small water
13 systems serving disadvantaged communities whose drinking water
14 source is impaired by chemical and nitrate contaminants and other
15 health hazards identified by the state board. Eligible recipients
16 either operate small water systems or state small water systems in
17 disadvantaged communities. The state board may make grants for
18 the purpose of financing feasibility studies and to meet the
19 eligibility requirements for a construction grant. Eligible expenses
20 may include initial operation and maintenance costs for systems
21 serving disadvantaged communities. Special consideration will be
22 given to projects that provide shared solutions for multiple
23 communities, at least one of which is a disadvantaged community
24 served by a small or state small water system or private well and
25 that lacks safe, affordable drinking water. Construction grants shall
26 be limited to five million dollars (\$5,000,000) per project, except
27 that the state board may set a limit of not more than twenty million
28 dollars (\$20,000,000) for projects that provide regional or shared
29 solutions among multiple entities, at least one of which is a small
30 disadvantaged community. Not more than 25 percent of a grant
31 may be awarded in advance of actual expenditures.

32 (b) The state board may expend up to twenty-five million dollars
33 (\$25,000,000) of the funds allocated in subdivision-~~(b)~~ (a) for
34 technical assistance to eligible communities.

35 (c) At least 10 percent of the funds available pursuant to this
36 section shall be allocated for projects serving severely
37 disadvantaged communities.

38 (d) Of the funds available pursuant to subdivision (c), the state
39 board may expend up to ten million dollars (\$10,000,000) to
40 finance development and demonstration of new technologies and

1 related facilities for water contaminant removal and treatment
2 appropriate for use by small water systems and state small water
3 systems.

4 (e) *The state board shall deposit two million five hundred*
5 *thousand dollars (\$2,500,000) of the funds available pursuant to*
6 *this section into the Drinking Water Capitol Reserve Fund, which*
7 *is hereby created in the State Treasury. Moneys in the fund, shall*
8 *be available, upon appropriation by the Legislature and shall be*
9 *administered by the state board for the purpose of serving as*
10 *matching funds for small, disadvantaged communities. The state*
11 *board shall develop criteria to implement this subdivision.*

12 ~~79724. From the funds described in Section 79720, one hundred~~
13 ~~million dollars (\$100,000,000) shall be available to the state board~~
14 ~~for grants and direct expenditures to finance urgent public health~~
15 ~~emergency actions to ensure that safe drinking water supplies are~~
16 ~~available to all Californians. Eligible actions include, but are not~~
17 ~~limited to, the following:~~

18 ~~(a) Providing interim water supplies, including, but not limited~~
19 ~~to, bottled water, where necessary to protect public health.~~

20 ~~(b) Improvements in existing water systems, including, but not~~
21 ~~limited to, planning, design, and construction of improvements~~
22 ~~necessary to resume delivery of safe drinking water.~~

23 ~~(c) Establishing connections to an adjacent water system.~~

24 ~~(d) Design, purchase, installation, and operation and~~
25 ~~maintenance of interim water treatment equipment and systems.~~

26 ~~79726.~~

27 79723. (a) From the funds described in Section 79720, four
28 hundred million dollars (\$400,000,000) shall be available to the
29 state board for deposit in the ~~Small Communities Grant Subaccount~~
30 *State Water Pollution Control Revolving Fund Small Community*
31 *Grant Fund established by Section 13477.6* for grants for
32 wastewater treatment projects to keep contaminants out of rivers,
33 lakes, streams, groundwater, and coastal waters, and for other
34 projects to protect the public and fish and wildlife from
35 contaminated sources of water. Priority shall be given to projects
36 that serve disadvantaged communities and severely disadvantaged
37 communities, and to projects that address public health hazards.
38 Special consideration shall be given to small communities with
39 limited financial resources. Projects shall include, but not be limited
40 to, projects that identify, plan, design, and implement regional

1 mechanisms to consolidate wastewater systems or provide
2 affordable treatment technologies.

3 *(b) The state board may expend up to ten million dollars*
4 *(\$10,000,000) of the funds allocated in subdivision (a) for technical*
5 *assistance to eligible communities.*

6 ~~(b)~~

7 *(c) From the funds available pursuant to subdivision (a), twenty*
8 *million dollars (\$20,000,000) shall be allocated to the state board*
9 *for deposit into the ~~Private Domestic Well and Septic Systems~~*
10 *Investment Fund, which is hereby created in the State Treasury.*
11 *Moneys in the fund shall be available, upon appropriation by the*
12 *Legislature, for the purpose of providing grants and loans to ~~private~~*
13 *domestic well and septic owners to protect drinking water sources*
14 *and ensure safe and affordable drinking water for all Californians.*
15 *The state board shall develop criteria for the allocation of these*
16 *grants and loans that specifies these are for the benefit of small*
17 *communities to treat drinking water or protect drinking water from*
18 *contamination and includes an income threshold equivalent to the*
19 *definition of a disadvantaged community.*

20 *79724. From the funds described in Section 79720, one hundred*
21 *million dollars (\$100,000,000) shall be available to the state board*
22 *for grants and direct expenditures to finance urgent actions needed*
23 *to provide drinking water in disadvantaged and severely*
24 *disadvantaged communities that lack access to safe drinking water*
25 *to ensure that safe drinking water supplies are available to all*
26 *Californians. Grants awarded pursuant to this section shall not*
27 *exceed two hundred fifty thousand dollars (\$250,000). Eligible*
28 *actions include, but are not limited to, the following:*

29 *(a) Providing interim water supplies, for a period not to exceed*
30 *three years, where necessary to protect public health, including*
31 *the design, purchase, installation, and operation and maintenance*
32 *of interim water treatment equipment and systems.*

33 *(b) Improvements in existing water systems, including, but not*
34 *limited to, design, and construction of improvements necessary to*
35 *resume delivery of safe drinking water.*

36 *(c) Establishing connections to an adjacent water system.*

37 *(d) Urgent wastewater treatment projects in order to prevent*
38 *the contamination of a drinking water source.*

1 79725. *The state board may administer together the funds*
2 *allocated pursuant to subdivision (b) of Section 79722 and*
3 *subdivision (b) of Section 79724.*

4 79726. *It is the intent of the Legislature that any funds allocated*
5 *pursuant to this chapter to an investor-owned utility regulated by*
6 *the Public Utilities Commission or a mutual water company should*
7 *be for the benefit of the ratepayers or the public and not the*
8 *investors.*

9 79727. *In allocating funds pursuant to this chapter, the state*
10 *board shall consider a written statement prepared by a local*
11 *agency formation commission regarding the consolidation or*
12 *extension of, or other shared solutions for, water or sewer services.*

13

14 CHAPTER 5. WATER SUPPLY ENHANCEMENT PROJECTS

15

16 79730. (a) It is the intent of the Legislature that this chapter
17 provide funds to enhance water supplies and increase water supply
18 reliability.

19 (b) The sum of two billion dollars (\$2,000,000,000) shall be
20 available for the purposes of this chapter.

21 79731. (a) From the funds described in Section 79730, one
22 billion five hundred million dollars (\$1,500,000,000) shall be
23 available to the ~~department~~ *committee* for competitive grants for
24 projects that develop, improve, or implement an adopted integrated
25 regional water management plan consistent with Part 2.2
26 (commencing with Section 10530) of Division 6, as that part may
27 be amended, and improve the quality or supply of safe drinking
28 water, reduce the amount of water imported to the region, or
29 address any of the following other critical water supply reliability
30 issues:

31 (1) Groundwater clean up or pollution prevention in sources of
32 drinking water.

33 (2) Advanced water treatment technology projects to remove
34 contaminants from drinking water, water recycling, and related
35 projects, such as distribution or groundwater recharge
36 infrastructure.

37 (3) Urban and agricultural water conservation and water use
38 efficiency projects.

39 (4) Water recycling projects.

1 (5) The repair or replacement of aging water management
2 infrastructure in disadvantaged communities.

3 (6) Other integrated water infrastructure projects that address
4 one or more water management activities and improve the
5 reliability or quality of regional water supplies.

6 (b) Projects funded pursuant to this section shall require a local
7 match of not less than 25 percent of project costs, except the
8 ~~department~~ *committee* may suspend or reduce cost share
9 requirements for projects serving disadvantaged communities or
10 that result in a direct reduction in water imported from the Delta.

11 (c) To be eligible for funding under this section, a region shall
12 comply with the following requirements:

13 (1) Have an adopted integrated regional water management
14 plan.

15 (2) Each urban and agricultural water supplier that would benefit
16 from a project shall adopt and submit an urban or agricultural water
17 management plan in accordance with the Urban Water Management
18 Planning Act (Part 2.6 (commencing with Section 10610) of
19 Division 6) or the Agricultural Water Management Planning Act
20 (Part 2.8 (commencing with Section 10800) of Division 6). Urban
21 or agricultural water management plans shall be certified by the
22 department as meeting the requirements of the Urban Water
23 Management Planning Act or the Agricultural Water Management
24 Planning Act, and Sections 10608.56 and 10631.5, as those
25 provisions may be amended.

26 (3) Each local agency whose service area includes a groundwater
27 basin or subbasin that would benefit from a groundwater
28 management project shall adopt and submit a groundwater
29 management plan in accordance with Part 2.75 (commencing with
30 Section 10750) of Division 6. Groundwater management plans
31 shall be certified by the department as meeting the requirements
32 of Part 2.75 (commencing with Section 10750) of Division 6, as
33 that part may be amended.

34 (4) (A) Have a water budget that describes local and imported
35 water supplies and uses in sufficient detail to inform long-term
36 efforts towards sustainable water management, and, where
37 applicable, include a description of any measures anticipated to
38 reduce the amount of water imported to the region in the future.

39 (B) The department shall develop guidelines for compliance
40 with this paragraph.

1 (5) Where applicable, an integrated water management plan
2 shall be consistent with and implement Section 85021.

3 (d) Where applicable, funding pursuant to this section shall be
4 made available to water agencies to assist in directly reducing the
5 amount of water imported from the Delta.

6 79732. The California Water Commission shall review the
7 implementation of Section 79731 and shall certify that requirements
8 for grant eligibility pursuant to that section are met prior to the
9 department making final grant awards.

10 79733. Of the funds available pursuant to Section 79731, one
11 billion four hundred million dollars (\$1,400,000,000) shall be
12 allocated to hydrologic regions as identified in the California Water
13 Plan and listed below. For the South Coast Region, the department
14 shall establish three subregions that reflect the San Diego County
15 watersheds, the Santa Ana River watershed, and the Los
16 Angeles-Ventura County watersheds respectively, and allocate
17 funds to those subregions. The North and South Lahontan regions
18 shall be treated as one region for the purpose of allocating funds,
19 but the ~~department~~ *committee* may require separate regional plans.
20 Funds available pursuant to this section shall be allocated in
21 accordance with the following schedule:

- 22 (a) North Coast: \$65,000,000.
- 23 (b) San Francisco Bay: \$195,000,000.
- 24 (c) Central Coast: \$85,000,000.
- 25 (d) Los Angeles subregion: \$284,000,000.
- 26 (e) Santa Ana subregion: \$174,000,000.
- 27 (f) San Diego subregion: \$138,000,000.
- 28 (g) Sacramento River: \$118,000,000.
- 29 (h) San Joaquin River: \$98,000,000.
- 30 (i) Tulare/Kern (Tulare Lake): \$102,000,000.
- 31 (j) North/South Lahontan: \$74,000,000.
- 32 (k) Colorado River Basin: \$67,000,000.

33 79734. (a) From the funds described in Section 79731, one
34 hundred million dollars (\$100,000,000) shall be available for grants
35 for projects that significantly advance the application and
36 effectiveness of innovative integrated regional water management
37 strategies, including, but not limited to, the following:

- 38 (1) Tools to model future regional climate change impacts.
- 39 (2) Groundwater management plans and projects that further
40 sustainable groundwater management.

1 (3) Other projects determined by the ~~department~~ *committee* to
2 advance innovative strategies for the integration of water
3 management.

4 (b) The ~~department~~ *committee* shall give priority to projects that
5 address groundwater overdraft and related impacts, including, but
6 not limited to, subsidence.

7 79735. (a) From the funds described in Section 79730, five
8 hundred million dollars (\$500,000,000) shall be available to the
9 state board for competitive grants for projects that develop,
10 implement, or improve a stormwater capture and reuse plan
11 consistent with Part 2.3 (commencing with Section 10560) of
12 Division 6, as that part may be amended, and that capture and put
13 to beneficial use stormwater or dry weather runoff.

14 (b) Stormwater capture and reuse projects developed pursuant
15 to an adopted integrated regional water management plan in
16 compliance with Part 2.2 (commencing with Section 10530) of
17 Division 6 are also eligible for funding under this section if those
18 projects were identified and developed in substantive compliance
19 with Part 2.3 (commencing with Section 10560) of Division 6, as
20 those parts may be amended.

21 (c) Projects eligible for funding under this section shall assist
22 in the capture and reuse of stormwater or dry weather runoff.
23 Eligible projects include any of the following:

24 (1) Projects that capture, convey, treat, or put to beneficial use
25 stormwater or dry weather runoff.

26 (2) The development of stormwater capture and reuse plans
27 pursuant to Part 2.3 (commencing with Section 10560) of Division
28 6, as that part may be amended.

29 (3) Decision support tools, data acquisition, and data analysis
30 to identify and evaluate the benefits and costs of potential
31 stormwater capture and reuse projects.

32 (4) Projects that, in addition to capturing and reusing stormwater
33 or dry weather runoff, improve water quality, provide public
34 benefits, such as augmentation of water supply, flood control, open
35 space and recreation, and projects designed to mimic or restore
36 natural watershed functions.

37 (d) The state board shall grant special consideration to plans or
38 projects that provide multiple benefits such as water quality, water
39 supply, flood control, natural lands, or recreation.

1 (e) The state board shall require a 25-percent local cost share
2 for grant funds, but may suspend or reduce the matching
3 requirements for projects that capture or reuse stormwater or dry
4 weather runoff in disadvantaged communities.

5 (f) *The state board shall adopt a policy establishing criteria for*
6 *projects funded by this section to ensure that a project funded*
7 *pursuant to this section complies with water quality laws and does*
8 *not put at risk any groundwater or surface water supplies.*

9

10

CHAPTER 6. DELTA

11

12 79740. (a) It is the intent of the Legislature that this chapter
13 provide funds to help implement the following:

14 (1) Projects to protect, restore, and enhance the Delta ecosystem
15 in a manner that protects and enhances the unique cultural,
16 recreational, natural resource, and agricultural values of the Delta
17 as an evolving place.

18 (2) Projects to protect the integrity of Delta levees to safeguard
19 the ability to move water through the Delta while simultaneously
20 protecting and enhancing the unique cultural, recreational, natural
21 resource, and agricultural values of the Delta as an evolving place.

22 (b) The sum of one billion two hundred million dollars
23 (\$1,200,000,000) shall be available for the purposes of this chapter.

24 79742. (a) From the funds described in Section 79740, eight
25 hundred million dollars (\$800,000,000) shall be available to the
26 Delta Conservancy for water quality, ecosystem restoration, fish
27 protection facilities, and community sustainability projects that
28 benefit the Delta, including, but not limited to, the following:

29 (1) Projects to improve water quality facilities or projects that
30 contribute to improvements in water quality in the Delta, including
31 projects in Delta counties that provide multiple public benefits and
32 improve drinking or agricultural water quality or water supplies.

33 (2) Habitat restoration, conservation, and enhancement projects
34 to improve the condition of special status, at risk, endangered, or
35 threatened species in the Delta and the Delta counties, including
36 projects to eradicate invasive species, and projects that support the
37 beneficial reuse of dredged material for habitat restoration and
38 levee improvements.

39 (3) Projects to assist in preserving economically viable and
40 sustainable agriculture and other economic activities in the Delta,

1 including local infrastructure projects and projects to mitigate the
2 economic and community impacts of any conversion of agricultural
3 land to habitat funded by this section.

4 (4) Multibenefit recycled water projects that improve
5 groundwater management and Delta tributary ecosystems.

6 (5) Scientific studies and assessments that support the Delta
7 Science Program as described in Section 85280 or projects
8 authorized under this section.

9 (b) Of the funds available pursuant to subdivision (a), not less
10 than five hundred million dollars (\$500,000,000) shall be made
11 available for purposes of paragraphs (1) and (2) of subdivision (a).

12 79744. From the funds described in Section 79740, four
13 hundred million dollars (\$400,000,000) shall be available to reduce
14 the risk of levee failure and flood in the Delta for any of the
15 following:

16 (a) Local assistance under the Delta levee maintenance
17 subventions program under Part 9 (commencing with Section
18 12980) of Division 6, as that part may be amended.

19 (b) Special flood protection projects under Chapter 2
20 (commencing with Section 12310) of Part 4.8 of Division 6, as
21 that chapter may be amended.

22 (c) Levee improvement projects that increase the resiliency of
23 levees within the Delta to withstand earthquake, flooding, or sea
24 level rise.

25 (d) Emergency response and repair projects.

26

27 CHAPTER 7. WATERSHED AND ECOSYSTEM IMPROVEMENT

28

29 79750. (a) It is the intent of the Legislature that this chapter
30 provide funds to protect and restore watersheds and urban rivers,
31 and address water quality deficiencies at state parks.

32 (b) The sum of one billion seven hundred million dollars
33 (\$1,700,000,000) shall be available for the purposes of this chapter.

34 79752. From the funds described in Section 79750, the sum of
35 five hundred million dollars (\$500,000,000) shall be available for
36 water quality, river, and watershed protection and restoration
37 projects of statewide importance outside of the Delta. Funds
38 provided by this section shall be allocated according to the
39 following schedule:

1 (a) Two hundred fifty million dollars (\$250,000,000) to
2 implement the Klamath Hydroelectric Settlement Agreement. Up
3 to fifty million dollars (\$50,000,000) of the funds available
4 pursuant to this subdivision may be made available for restoration
5 projects in California pursuant to the Klamath Basin Restoration
6 Agreement if all of the funds available pursuant to this subdivision
7 are not needed for dam removal projects.

8 (b) One hundred million dollars (\$100,000,000) for projects
9 that help fulfill state obligations under the Quantification
10 Settlement Agreement, as defined in subdivision (a) of Section 1
11 of Chapter 617 of the Statutes of 2002.

12 (c) One hundred million dollars (\$100,000,000) for projects that
13 help fulfill state obligations under the San Joaquin River
14 Restoration Settlement, as described in Part I of Subtitle A of Title
15 X of Public Law 111-11.

16 (d) Fifty million dollars (\$50,000,000) for projects that help
17 fulfill state obligations under the Tahoe Regional Planning
18 Compact pursuant to Section 66800 of the Government Code.
19 Funds provided by this subdivision shall be approved pursuant to
20 Title 7.42 (commencing with Section 66905) of the Government
21 Code, as those provisions may be amended.

22 79754. From the funds described in Section 79750, the sum of
23 eight hundred seventy-five million dollars (\$875,000,000) shall
24 be available for projects that protect and improve California's
25 watersheds, wetlands, forests, and floodplains.

26 (a) Funds available pursuant to this section shall be allocated
27 as follows:

- 28 (1) Baldwin Hills Conservancy: \$10,000,000.
- 29 (2) California Tahoe Conservancy: \$30,000,000.
- 30 (3) Coachella Valley Mountains Conservancy: \$20,000,000.
- 31 (4) San Diego River Conservancy: \$10,000,000.
- 32 (5) San Gabriel and Lower Los Angeles Rivers and Mountains
33 Conservancy: \$40,000,000.
- 34 (6) San Joaquin River Conservancy: \$20,000,000.
- 35 (7) Santa Monica Mountains Conservancy: \$65,000,000.
- 36 (8) Sierra Nevada Conservancy: \$65,000,000.
- 37 (9) State Coastal Conservancy: \$350,000,000.
- 38 (10) Wildlife Conservation Board: \$215,000,000.
- 39 (11) California Ocean Protection Council: \$50,000,000.

1 (b) Of the funds allocated to the State Coastal Conservancy
2 pursuant to paragraph (9) of subdivision (a), one hundred
3 twenty-five million dollars (\$125,000,000) are available as follows:

4 (1) Fifty million dollars (\$50,000,000) shall be available for
5 projects that help restore coastal salmonid populations.

6 (2) Seventy-five million dollars (\$75,000,000) shall be available
7 for flood control projects on public lands that provide critical flood,
8 water quality, and wetland ecosystem benefits to the San Francisco
9 Bay region.

10 79755. (a) From the funds described in Section 79750, two
11 hundred fifty million dollars (\$250,000,000) shall be available to
12 the secretary for a competitive program to fund multibenefit
13 watershed and urban rivers enhancement projects in urban
14 watersheds, including watersheds that drain to the San Francisco
15 Bay, that increase regional and local water self-sufficiency and
16 that meet at least two or more of the following objectives:

17 (1) Promote groundwater recharge and water reuse.

18 (2) Reduce energy consumption.

19 (3) Use soils, plants, and natural processes to treat runoff.

20 (4) Create or restore native habitat.

21 (5) Increase regional and local resiliency and adaptability to
22 climate change.

23 (b) The program described in subdivision (a) shall be
24 implemented by state conservancies, the Wildlife Conservation
25 Board, or other entities designated by the secretary whose
26 jurisdiction includes urban watersheds. The projects are subject
27 to a plan developed jointly by the conservancies, the Wildlife
28 Conservation Board, or other designated entities in consultation
29 with the secretary.

30 (c) At least 25 percent of the funds available pursuant to this
31 section shall be allocated for projects that benefit disadvantaged
32 communities.

33 (d) Up to 10 percent of the funds available pursuant to this
34 section may be allocated for project planning.

35 79756. From the funds described in Section 79750, twenty
36 million dollars (\$20,000,000) shall be available to the Department
37 of Parks and Recreation to address public health deficiencies in
38 drinking water and wastewater quality at state parks.

1 79757. (a) From the funds described in Section 79750, thirty
2 million dollars (\$30,000,000) shall be available to the state board
3 to fund watershed activities by resource conservation districts.

4 (b) To be eligible for the funding available pursuant to this
5 section, the board of a resource conservation district shall be
6 appointed by the local county board of supervisors.

7 79758. From the funds described in Section 79750, twenty-five
8 million dollars (\$25,000,000) shall be available to the state board
9 for competitive grants for special districts and nonprofit
10 organizations for projects that reduce or manage runoff from
11 agricultural lands for the benefit of surface and groundwater
12 quality.

13
14 CHAPTER 8. WATER STORAGE PROJECTS
15

16 79760. (a) It is the intent of the Legislature that this chapter
17 provide funds to expand the existing capacity to store water in the
18 state.

19 (b) The sum of one billion twenty-five million dollars
20 (\$1,025,000,000) shall be available for the purposes of this chapter.

21 79761. From the funds described in Section 79760, one billion
22 dollars (\$1,000,000,000) shall be available to the commission for
23 water storage projects that meet the requirements of this section,
24 including all of the following:

25 (a) Projects shall be selected by the commission through a
26 competitive public process that ranks projects based on the
27 expected public benefits received for public investment.

28 (b) Eligible projects consist only of the following:

29 (1) Surface storage projects identified in the CALFED Bay-Delta
30 Programmatic Record of Decision, dated August 28, 2000, except
31 that projects at Lake Shasta shall not be eligible.

32 (2) Groundwater storage projects and groundwater
33 contamination prevention or remediation projects that create
34 additional groundwater storage capacity.

35 (3) Conjunctive use and reservoir reoperation projects including
36 associated infrastructure.

37 (4) Projects that restore the capacity of reservoirs currently
38 impaired by sediment buildup, seismic vulnerability, or other
39 impairment.

1 (5) Projects that result in a permanent reduction of water
2 exported from the Delta and a transfer of the equivalent water right
3 to instream flow pursuant to Section 1707. Priority shall be given
4 to projects that also result in the permanent elimination of irrigation
5 runoff contributing to salinity in the San Joaquin Valley.

6 (6) Recycled water storage facilities.

7 (c) A project within the Delta watershed shall not be funded
8 unless it provides measurable improvements to the Delta
9 ecosystem.

10 (d) Funds allocated pursuant to this section may be expended
11 solely for the following public benefits:

12 (1) Ecosystem improvements, including, but not limited to,
13 changing timing of diversions, improvement in flow conditions,
14 temperature, or other benefits that contribute to restoration of
15 aquatic ecosystems and native fish and wildlife.

16 (2) Water quality improvements in the Delta or in other river
17 systems that provide significant public trust resources or that clean
18 up and restore groundwater resources.

19 (3) Flood control benefits, including, but not limited to, increases
20 in flood reservation space in existing reservoirs by exchange for
21 existing or increased water storage benefits.

22 (e) The commission, in consultation with the Department of
23 Fish and Wildlife, the state board, and the department, shall
24 develop and adopt, by regulation, methods for quantification and
25 management of public benefits. The regulations shall include
26 priorities and relative environmental value of ecosystem benefits
27 provided by the Department of Fish and Wildlife and the priorities
28 and relative environmental value of water quality benefits as
29 provided by the state board.

30 (f) Funds shall not be expended pursuant to this chapter for the
31 costs of environmental mitigation measures or compliance
32 obligations except for those associated with providing the public
33 benefits as described in subdivision (d).

34 (g) Any project constructed with funds provided by this section
35 shall be subject to Section 11590.

36 79762. Funds available pursuant to Section 79761 shall not be
37 allocated to a project until the commission approves the project
38 based on the following determinations:

1 (a) The commission has adopted the regulations specified in
2 Section 79761 and specifically quantified and made public the cost
3 of the public benefits associated with the project.

4 (b) The department has entered into a contract with each party
5 that will derive benefits, other than public benefits, from the project
6 that ensures the party will pay its share of the total costs of the
7 project. The benefits available to a party shall be consistent with
8 that party's share of total project costs.

9 (c) The department has entered into a contract with the
10 Department of Fish and Wildlife and the state board, after those
11 agencies have made a finding that the public benefits of the project
12 for which that agency is responsible meet all the requirements of
13 this chapter, to ensure that public contributions of funds pursuant
14 to this chapter achieve the public benefits identified for the project.

15 (d) The commission has held a public hearing for the purposes
16 of providing an opportunity for the public to review and comment
17 on the information required to be prepared pursuant to this section.

18 (e) All of the following conditions are met:

19 (1) Feasibility studies have been completed.

20 (2) The commission has found and determined that the project
21 is feasible, is consistent with all applicable laws and regulations,
22 and will advance the long-term objectives of restoring ecological
23 health and improving water management, including the beneficial
24 uses of the Delta.

25 (3) All environmental documentation has been completed and
26 all other federal, state, and local approvals, certifications, and
27 agreements required to be completed have been obtained.

28 (f) The commission shall submit to the fiscal committees and
29 the appropriate policy committees of the Legislature its findings
30 for each criteria identified in this section for any project funded
31 pursuant to this chapter.

32 79764. The public benefit cost share of a project funded
33 pursuant to this chapter shall not exceed 50 percent of the total
34 cost of the project.

35 79766. From the funds described in Section 79760, twenty-five
36 million dollars (\$25,000,000) shall be available to the department
37 for studying the feasibility of additional surface storage projects.
38 Funds provided by this section are not available to study the
39 feasibility of any storage project identified in the CALFED

1 Bay-Delta Programmatic Record of Decision, dated August 28,
2 2000.

3
4 CHAPTER 9. GENERAL PROVISIONS
5

6 79770. The proceeds of bonds issued and sold pursuant to this
7 division shall be deposited in the Safe Drinking Water, Water
8 Quality, and Water Supply Fund of 2014, which is hereby created
9 in the State Treasury. Moneys in the fund shall be available, upon
10 appropriation by the Legislature, in the manner and for the purposes
11 set forth in this division.

12 79772. An amount that equals not more than 5 percent of the
13 funds allocated for a program pursuant to this division may be
14 used to pay the administrative costs of that program.

15 79774. Up to 10 percent of funds allocated for each program
16 funded by this division may be used to finance planning and
17 monitoring necessary for the successful design, selection, and
18 implementation of the projects authorized under that program.
19 This section shall not otherwise restrict funds ordinarily used by
20 an agency for “preliminary plans,” “working drawings,” and
21 “construction” as defined in the annual Budget Act for a capital
22 outlay project or grant project. Water quality monitoring *data* shall
23 be ~~integrated into the surface water ambient monitoring program~~
24 ~~collected and reported to the state board in a manner that is~~
25 ~~compatible and consistent with surface water monitoring data~~
26 ~~systems or groundwater monitoring data systems~~ administered by
27 the state board.

28 79776. Chapter 3.5 (commencing with Section 11340) of Part
29 1 of Division 3 of Title 2 of the Government Code does not apply
30 to the development or implementation of programs or projects
31 authorized or funded under this division other than Chapter 6
32 (commencing with Section 79760).

33 79778. (a) Prior to disbursing grants *or loans* pursuant to this
34 division, each state agency that is required to administer a
35 ~~competitive grant~~ *financial assistance* program under this division
36 shall develop project solicitation and evaluation guidelines. The
37 guidelines may include a limitation on the dollar amount of grants
38 to be awarded. *If the state agency has previously developed and*
39 *adopted project solicitation and evaluation guidelines that meet*
40 *the requirements of this division, it may use those guidelines.*

1 (b) Prior to disbursing ~~grants funds pursuant to this division,~~
2 the state agency shall conduct ~~three~~ public meetings to consider
3 public comments prior to finalizing the guidelines, *as determined*
4 *to be necessary by the implementing state agency.* The state agency
5 shall publish the draft solicitation and evaluation guidelines on its
6 Internet Web site at least 30 days before ~~the any~~ public meetings.
7 ~~One meeting shall be conducted at a location in northern California,~~
8 ~~one meeting shall be conducted at a location in the central valley~~
9 ~~of California, and one meeting shall be conducted at a location in~~
10 ~~southern California.~~ Upon adoption, the state agency shall transmit
11 copies of the guidelines to the fiscal committees and the appropriate
12 policy committees of the Legislature.

13 (c) Projects funded with proceeds from this division shall
14 promote state planning priorities consistent with the provisions of
15 Section 65041.1 of the Government Code and sustainable
16 communities strategies consistent with the provisions of
17 subparagraph (B) of paragraph (2) of subdivision (b) of Section
18 65080 of the Government Code.

19 (d) To the extent feasible, in implementing Section 79742, the
20 Delta Conservancy shall seek to achieve wildlife conservation
21 objectives through projects on public lands or voluntary projects
22 on private lands. Funds available pursuant to Section 79742 may
23 be used, in consultation with the Department of Fish and Wildlife,
24 for payments to landowners for the creation of measurable habitat
25 improvements or other improvements to the condition of
26 endangered or threatened species. The Delta Conservancy may
27 develop and implement a competitive habitat credit exchange
28 mechanism in order to maximize voluntary landowner participation
29 in projects that provide measurable habitat or species improvements
30 in the Delta. These funds shall not be used to subsidize or decrease
31 the mitigation obligations of any party.

32 (e) In implementing Section 79742, the Delta Conservancy shall
33 coordinate, cooperate, and consult with the city or county in which
34 a grant is proposed to be expended or an interest in real property
35 is proposed to be acquired and with the Delta Protection
36 Commission. Acquisitions pursuant to Section 79742 shall be from
37 willing sellers only.

38 (f) In implementing Section 79742, the Delta Conservancy shall
39 require grantees to demonstrate how local economic impacts,

1 including impacts related to the loss of agricultural lands, will be
2 mitigated.

3 (g) Funds provided by this division shall not be used to acquire
4 land via eminent domain. Funds from this division may be used
5 to acquire property from willing sellers.

6 (h) Restoration and ecosystem protection projects funded by
7 this division shall use the services of the California Conservation
8 Corps or certified community conservation corps, as defined in
9 Section 14507.5 of the Public Resources Code, whenever feasible.

10 (i) It is the intent of the Legislature that California's working
11 agricultural landscapes be preserved wherever possible. To the
12 extent feasible, watershed objectives included in this division
13 should be achieved through use of conservation easements and
14 voluntary landowner participation, including, but not limited to,
15 the use of easements pursuant to Division 10.4 (commencing with
16 Section 10330) and Division 10.2 (commencing with Section
17 10200) of the Public Resources Code and voluntary habitat credit
18 exchange mechanisms.

19 79780. It is the intent of the people that:

20 (a) The investment of public funds pursuant to this division
21 result in public benefits.

22 (b) Special consideration be given to projects that employ new
23 or innovative technology or practices, including decision support
24 tools that demonstrate the multiple benefits of integration of
25 multiple jurisdictions, including, but not limited to, water supply,
26 flood control, land use, and sanitation.

27 79782. The State Auditor shall annually conduct a
28 programmatic review and an audit of expenditures from the fund.
29 The State Auditor shall report its findings annually on or before
30 March 1 to the Governor and the Legislature, and shall make the
31 findings available to the public.

32 79783. *Funds provided by this division shall be expended in*
33 *a manner consistent with the applicable regional water quality*
34 *control plan adopted pursuant to Chapter 4 (commencing with*
35 *Section 13200) of Division 7 in effect at the time the project is*
36 *approved.*

37 79784. (a) Funds provided by this division shall not be used
38 to support or pay for the costs of environmental mitigation
39 measures or compliance obligations of any party except as part of
40 the environmental mitigation costs of projects financed by this

1 division. Funds provided by this division may be used for
2 environmental enhancements or other public benefits.

3 (b) Funds provided by this division shall not be expended for
4 the acquisition or transfer of water rights except for a permanent
5 dedication of water approved in accordance with Section 1707
6 where the state board specifies that the water is in addition to water
7 that is required for regulatory requirements as provided in
8 subdivision (c) of Section 1707. The requirement that a dedication
9 of water be permanent shall not preclude the expenditure of funds
10 provided by this division for the initiation of the dedication as a
11 short-term or temporary urgency change, that is approved in
12 accordance with Section 1707 and either Chapter 6.6 (commencing
13 with Section 1435) of, or Chapter 10.5 (commencing with Section
14 1725) of, Part 2 of Division 2, during the period required to prepare
15 any environmental documentation and for approval of permanent
16 dedication.

17 79786. Funds provided by this division shall not be expended
18 to pay costs associated with design, construction, operation,
19 maintenance, or mitigation of new Delta conveyance facilities.

20 79788. The Legislature may enact legislation necessary to
21 implement programs funded by this division.

22 79790. Eligible applicants under this division are public
23 agencies, nonprofit organizations, public utilities, mutual water
24 companies, and Indian tribes having a federally recognized
25 governing body carrying out substantial governmental duties in,
26 and powers over, any area. To be eligible for funding under this
27 division, a project proposed by a public utility that is regulated by
28 the Public Utilities Commission or a mutual water company shall
29 have a clear and definite public purpose and shall benefit the
30 customers of the water system.

31 79792. (a) This division does not diminish, impair, or
32 otherwise affect in any manner whatsoever any area of origin,
33 watershed of origin, county of origin, or any other water rights
34 protections, including, but not limited to, rights to water
35 appropriated prior to December 19, 1914, provided under the law.
36 This division does not limit or otherwise affect the application of
37 Article 1.7 (commencing with Section 1215) of Chapter 1 of Part
38 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461,
39 11462, and 11463, and Sections 12200 to 12220, inclusive.

1 (b) For the purposes of this division, an area that utilizes water
2 that has been diverted and conveyed from the Sacramento River
3 hydrologic region, for use outside the Sacramento River hydrologic
4 region or the Delta, shall not be deemed to be immediately adjacent
5 thereto or capable of being conveniently supplied with water
6 therefrom by virtue or on account of the diversion and conveyance
7 of that water through facilities that may be constructed for that
8 purpose after January 1, 2014.

9 (c) Nothing in this division supersedes, limits, or otherwise
10 modifies the applicability of Chapter 10 (commencing with Section
11 1700) of Part 2 of Division 2, including petitions related to any
12 new conveyance constructed or operated in accordance with
13 Chapter 2 (commencing with Section 85320) of Part 4 of Division
14 35.

15 (d) Unless otherwise expressly provided, nothing in this division
16 supersedes, reduces, or otherwise affects existing legal protections,
17 both procedural and substantive, relating to the state board's
18 regulation of diversion and use of water, including, but not limited
19 to, water right priorities, the protection provided to municipal
20 interests by Sections 106 and 106.5, and changes in water rights.
21 Nothing in this division expands or otherwise alters the state
22 board's existing authority to regulate the diversion and use of water
23 or the courts' existing concurrent jurisdiction over California water
24 rights.

25 (e) Nothing in this division limits or otherwise affects the
26 application of Chapter 2 (commencing with Section 85320) of Part
27 4 of Division 35.

28 (f) Nothing in this division shall be construed to affect the
29 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing
30 with Section 5093.50) of Division 5 of the Public Resources Code)
31 and funds available pursuant to this division shall not be available
32 for any project that could have an adverse effect on the free flowing
33 condition of a wild and scenic river or any other river afforded
34 protections pursuant to the California Wild and Scenic Rivers Act.

35

36 CHAPTER 10. FISCAL PROVISIONS

37

38 79820. (a) Bonds in the total amount of six billion eight
39 hundred twenty-five million dollars (\$6,825,000,000), or so much
40 thereof as is necessary, not including the amount of any refunding

1 bonds issued in accordance with Section 79840 may be issued and
2 sold to provide a fund to be used for carrying out the purposes
3 expressed in this division and to reimburse the General Obligation
4 Bond Expense Revolving Fund pursuant to Section 16724.5 of the
5 Government Code. The bonds, when sold, shall be and constitute
6 a valid and binding obligation of the State of California, and the
7 full faith and credit of the State of California is hereby pledged
8 for the punctual payment of both principal of, and interest on, the
9 bonds as the principal and interest become due and payable.

10 (b) The Treasurer shall sell the bonds authorized by the *finance*
11 committee pursuant to this section. The bonds shall be sold upon
12 the terms and conditions specified in a resolution to be adopted
13 by the *finance* committee pursuant to Section 16731 of the
14 Government Code.

15 79822. The bonds authorized by this division shall be prepared,
16 executed, issued, sold, paid, and redeemed as provided in the State
17 General Obligation Bond Law (Chapter 4 (commencing with
18 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
19 Code), and all of the provisions of that law apply to the bonds and
20 to this division and are hereby incorporated in this division as
21 though set forth in full in this division, except subdivisions (a) and
22 (b) of Section 16727 of the Government Code.

23 79824. (a) Solely for the purpose of authorizing the issuance
24 and sale pursuant to the State General Obligation Bond Law
25 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
26 4 of Title 2 of the Government Code) of the bonds authorized by
27 this division, the Safe Drinking Water, Water Quality, and Water
28 Supply Finance Committee is hereby created. For purposes of this
29 division, the Safe Drinking Water, Water Quality, and Water
30 Supply Finance Committee is “the committee” as that term is used
31 in the State General Obligation Bond Law. The *finance* committee
32 consists of the Director of Finance, the Treasurer, the Controller,
33 the Director of Water Resources, and the Secretary of the Natural
34 Resources Agency, or their designated representatives. The
35 Treasurer shall serve as chairperson of the *finance* committee. A
36 majority of the *finance* committee may act for the *finance*
37 committee.

38 (b) For purposes of the State General Obligation Bond Law, the
39 Department of Water Resources is designated the “board.”

1 79826. The *finance* committee shall determine whether or not
2 it is necessary or desirable to issue bonds authorized pursuant to
3 this division in order to carry out the actions specified in this
4 division and, if so, the amount of bonds to be issued and sold.
5 Successive issues of bonds may be authorized and sold to carry
6 out those actions progressively, and it is not necessary that all of
7 the bonds authorized to be issued be sold at any one time.

8 79828. There shall be collected each year and in the same
9 manner and at the same time as other state revenue is collected,
10 in addition to the ordinary revenues of the state, a sum in an amount
11 required to pay the principal of, and interest on, the bonds each
12 year. It is the duty of all officers charged by law with any duty in
13 regard to the collection of the revenue to do and perform each and
14 every act that is necessary to collect that additional sum.

15 79830. Notwithstanding Section 13340 of the Government
16 Code, there is hereby appropriated from the General Fund in the
17 State Treasury, for the purposes of this division, an amount that
18 will equal the total of the following:

19 (a) The sum annually necessary to pay the principal of, and
20 interest on, bonds issued and sold pursuant to this division, as the
21 principal and interest become due and payable.

22 (b) The sum necessary to carry out Section 79832, appropriated
23 without regard to fiscal years.

24 79832. For the purposes of carrying out this division, the
25 Director of Finance may authorize the withdrawal from the General
26 Fund of an amount not to exceed the amount of the unsold bonds
27 that have been authorized by the *finance* committee to be sold for
28 the purpose of carrying out this division less any amount borrowed
29 pursuant to Section 79838. Any amounts withdrawn shall be
30 deposited in the fund. Any ~~money~~ *moneys* made available under
31 this section shall be returned to the General Fund from proceeds
32 received from the sale of bonds for the purpose of carrying out
33 this division.

34 79834. All ~~money~~ *moneys* deposited in the fund that ~~is~~ *are*
35 derived from premium and accrued interest on bonds sold shall be
36 reserved in the fund and shall be available for transfer to the
37 General Fund as a credit to expenditures for bond interest, except
38 that amounts derived from premium may be reserved and used to
39 pay the cost of bond issuance prior to any transfer to the General
40 Fund.

1 79836. Pursuant to Chapter 4 (commencing with Section
2 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
3 the cost of bond issuance shall be paid out of the bond proceeds,
4 including premium, if any. To the extent the cost of bond issuance
5 is not paid from premiums received from the sale of bonds, the
6 cost shall be shared proportionally by each program funded through
7 this division by the applicable bond sale.

8 79838. The board may request the Pooled Money Investment
9 Board to make a loan from the Pooled Money Investment Account,
10 in accordance with Section 16312 of the Government Code for the
11 purpose of carrying out this division less any amount withdrawn
12 pursuant to Section 79832. The amount of the request shall not
13 exceed the amount of the unsold bonds that the *finance* committee,
14 by resolution, has authorized to be sold for the purpose of carrying
15 out this division. The board shall execute any documents required
16 by the Pooled Money Investment Board to obtain and repay the
17 loan. Any amounts loaned shall be deposited in the fund to be
18 allocated in accordance with this division.

19 79840. The bonds issued and sold pursuant to this division
20 may be refunded in accordance with Article 6 (commencing with
21 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
22 the Government Code, which is a part of the State General
23 Obligation Bond Law. Approval by the voters of the state for the
24 issuance of the bonds under this division shall include the approval
25 of the issuance of any bonds issued to refund any bonds originally
26 issued under this division or any previously issued refunding bonds.

27 79842. Notwithstanding any other provision of this division,
28 or of the State General Obligation Bond Law, if the Treasurer sells
29 bonds pursuant to this division that include a bond counsel opinion
30 to the effect that the interest on the bonds is excluded from gross
31 income for federal tax purposes, under designated conditions or
32 is otherwise entitled to any federal tax advantage, the Treasurer
33 may maintain separate accounts for the investment of bond
34 proceeds and for the investment of earnings on those proceeds.
35 The Treasurer may use or direct the use of those proceeds or
36 earnings to pay any rebate, penalty, or other payment required
37 under federal law or take any other action with respect to the
38 investment and use of those bond proceeds required or desirable
39 under federal law to maintain the tax exempt status of those bonds

1 and to obtain any other advantage under federal law on behalf of
2 the funds of this state.

3 79844. The proceeds from the sale of bonds authorized by this
4 division are not “proceeds of taxes” as that term is used in Article
5 XIII B of the California Constitution, and the disbursement of
6 these proceeds is not subject to the limitations imposed by that
7 article.

8 SEC. 3. The Legislature may appropriate funds from any of
9 the following sources for grants and direct expenditures to
10 accomplish the purposes of Chapter 5 (commencing with Section
11 79730) of Division 26.7 of the Water Code:

12 (a) Notwithstanding the Water Conservation and Water Quality
13 Bond Law of 1986, the 1986 Water Conservation and Water
14 Quality Bond Fund created pursuant to Section 13453 of the Water
15 Code.

16 (b) Notwithstanding the Water Conservation Bond Law of 1988,
17 the 1988 Water Conservation Fund created pursuant to Section
18 12879.3 of the Water Code.

19 (c) Notwithstanding the Safe, Clean, Reliable Water Supply
20 Act of 1996, the Safe, Clean, Reliable Water Supply Fund created
21 pursuant to Section 78505 of the Water Code and any accounts
22 therein.

23 (d) Notwithstanding the Costa-Machado Water Act of 2000,
24 the Safe Drinking Water, Clean Water, Watershed Protection, and
25 Flood Protection Bond Fund created pursuant to Section 79013 of
26 the Water Code and any accounts therein.

27 SEC. 4. Section 2 of Chapter 3 of the Seventh Extraordinary
28 Session of the Statutes of 2009, as amended by Section 1 of
29 Chapter 74 of the Statutes of 2012, is repealed.

30 SEC. 5. Sections 2 and 3 of this act shall be submitted to the
31 voters at the November 4, 2014, statewide general election in
32 accordance with provisions of the Government Code and the
33 Elections Code governing the submission of a statewide measure
34 to the voters.

35 SEC. 6. Sections 2 and 3 of this act shall take effect upon the
36 approval by the voters of the Safe Drinking Water, Water Quality,
37 and Water Supply Act of 2014, as set forth in that section at the
38 November 4, 2014, statewide general election.

39 SEC. 7. This act is an urgency statute necessary for the
40 immediate preservation of the public peace, health, or safety within

1 the meaning of Article IV of the Constitution and shall go into
2 immediate effect. The facts constituting the necessity are:
3 In order to fund safe drinking water, water quality, and water
4 supply at the earliest possible date, it is necessary that this act take
5 effect immediately.

O